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May 26, 1994

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

BY MESSENGER

Mr. William F. Caton, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: Gen. Docket No. 90-314, PP Docket 93-253

Dear Mr. Caton:

Columbia PCS, Inc. ("Columbia") hereby notifies the Commission that Steven A. Zecola, president-CEO of Columbia, John A. Malloy, vice president-general counsel of Columbia, and counsel for Columbia, Jonathan D. Blake and the undersigned, today met with Commissioner Rachelle B. Chong, Commissioner Susan Ness, Jane E. Mago, Esq., senior advisor to Commissioner Chong, Richard K. Welch, Esq., legal advisor to Commissioner Chong, Gregory J. Vogt, Esq., senior legal advisor to Commissioner Ness, and Rosalind K. Allen, Esq., legal advisor to Commissioner Ness. The matters discussed are contained in Columbia's written submissions on file with the Commission, which were provided to the Commissioners and advisors. The attached pages summarize Columbia's presentation.

Please direct any inquiries concerning this matter to the undersigned.

Very truly yours,



Kurt A. Wimmer

Attorney for Columbia  
PCS, Inc.

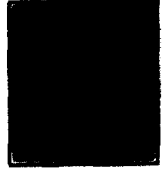
cc: Hon. Rachelle B. Chong  
Hon. Susan Ness  
Rosalind K. Allen, Esq.  
Jane E. Mago, Esq.  
Gregory J. Vogt, Esq.  
Richard K. Welch, Esq.

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# ***Entrepreneurs: The Hope for PCS***

**Steven A. Zecola  
John A. Malloy  
Columbia PCS, Inc.  
May 25, 1994**



## ***What is Columbia PCS, Inc.?***

- ◆ *A start-up formed earlier this year to bid upon PCS broadband licenses as a small business and construct and operate PCS systems.*
  - ◆ *The seed capital for employees (6), rent and equipment was provided by Columbia Capital Corporation and Boston Communications Group.*
  - ◆ *Columbia PCS, Inc. has established a sound management team and business plan and is attempting to raise money from Limited Partners.*
  - ◆ *Fidelity Capital has agreed to invest as a limited partner based upon set asides for designated entities*
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# ***What's important for public policy?***

- ◆ *The FCC should speed the introduction of new, affordable communications services*
- ◆ *The FCC should encourage innovation and rigorous competition through independent PCS entrepreneurs*
- ◆ *The FCC must ensure greater diversity in communications marketplace*



# ***What's needed for Broadband PCS?***

- ◆ *A set aside of 30 MHz in the lower PCS band for small businesses, women and minority owned businesses and rural telcos*
- ◆ *Clear guidelines that recognize the capital intensive nature of broadband PCS and encourage "independent" investment in these new PCS operators.*
- ◆ *Expeditious auctions beginning with independent set aside band (Use 8a contractor to auction set aside band)*



## ***What is the impact of a set aside band?***

- ◆ *Ensures diversity of licensees and avoids undue concentration of ownership*
- ◆ *Encourages new infusion of infrastructure investment*
- ◆ *Distributes license costs equitably and eliminates capital as a barrier to entry*
- ◆ *Spurs wireless innovation and rigorous competition*
- ◆ *Increases auction value of other bands*



## ***What about a bidding credit as an alternative to a set aside?***

- ◆ *Fails to overcome capital advantages of RBOCs and IXC's (both hurdle rate and access to capital)*
  - ◆ *Slows introduction of PCS and undercuts potential for interoperability in one band (e.g.. SMR band with LEC exclusion vs. cellular model)*
  - ◆ *Forces speculative arbitrage at expense of owner operators*
  - ◆ *Increases administrative burdens both in auction and after market*
  - ◆ *Preserves inequitable participation by SWMRs in telecommunications*
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